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# high water

a floodplain management newsletter

Volume 53

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## JUST WHAT DOES IT MEAN TO BE "SANCTIONED"?

Has your community been sanctioned? If so, it can mean the following:

- Property owners cannot purchase federal flood insurance, which makes securing financing on structures within a floodplain virtually impossible.
- In the event of a federally declared flood, disaster assistance will be reduced by the maximum amount of flood insurance that could have been acquired if the community had been enrolled in the NFIP (National Flood Insurance Program).
- According to Section 10-3-311.2, Montana Codes Annotated, NO state disaster relief for flood-related damage may be available in the event of a state-declared flood.
- Unwise floodplain development may be underway that could create a future liability for a community. This type of development also could hamper a community's ability to enter into the NFIP.
- A community could be held liable for a property owner's flood damage if that property owner could have been covered by flood insurance but was unable to

purchase the insurance because the property owner's community had been sanctioned.

### Under what circumstances does a community become sanctioned?

Experience in the state floodplain management program has shown that the circumstances under which communities become sanctioned are similar throughout the state. That is, the county commissioners or the city/town council do not want to be burdened with another federal program such as the NFIP. The program is usually rejected because of a reluctance on the part of community leaders to tell property owners what they can or cannot do with their property in terms of development.

Several communities were suspended from the NFIP because they did not promote wise floodplain development. In other words, they did not enforce floodplain development regulations within their delineated 100-year floodplains. In one instance, a community withdrew from the NFIP even though it was fully aware of the potential repercussions from being sanctioned.

What communities in Montana are sanctioned?

Town of Ekalaka  
Powder River County  
City of Forsyth  
Prairie County  
Garfield County  
Roosevelt County  
Town of Jordan  
Rosebud County  
Mineral County  
Sanders County  
Musselshell County  
City of Shelby  
Town of Neihart  
Town of Sunburst

NOTE: The City of Glendive and Wibaux County were suspended from the NFIP, and the Town of Grass Range withdrew from the program.

### How can a community have its sanctioned status removed?

A community must become fully enrolled in the NFIP. First, the community should officially adopt a floodplain management ordinance to regulate future floodplain development. Second, the

*cont'd on next page . . .*

## **Sanctioned . . . cont'd from page 1**

community should apply to the Federal Emergency Management Agency (FEMA) for enrollment in the NFIP. (Karl Christians of the floodplain management program in Helena, 444-6654, can provide assistance to communities that want to be removed from the "sanctioned" list).

### **What types of situations can result from being sanctioned?**

**Situation 1.** John Davidson would like to sell his house and buy a larger place. According to the Flood Insurance Rate Map, his current home is located in the 100-year floodplain. John has received numerous offers from potential buyers, but all offers have fallen through because no lender will mortgage the structure unless flood insurance can be purchased. As a result, the structure's market value has decreased considerably. Unless a buyer can purchase the house without financing, John is unlikely to sell it. He has invested his life's savings into the

house only to learn that its value has diminished greatly because the town in which he lives failed to enter into the NFIP and actively participate in floodplain management.

### **Situation 2. Actual comparison from flash flood damage:**

- In June 1993, Custer County—which is *regularly enrolled* in the NFIP—sustained \$125,000 in damage to county roads, bridges, etc. Custer County will receive \$125,000 in state disaster assistance.
- In July 1993, Roosevelt County—which is *sanctioned* from the NFIP—sustained close to \$750,000 in damage to county roads, bridges, etc. Roosevelt County will receive no state disaster assistance.

**Situation 3.** In 1980, your county commissioners say that a federal program that would tell people how they can or cannot develop their property is one program you can do without. Besides, they claim, we're in a drought and it's never

going to flood. As a result, unwise floodplain development is evident along a number of county flood sources. Heavy snow fell during the winter, and it has rained non-stop for two days. In the aftermath, you experience a 100-year base flood. Many structures, bridges, and roads are heavily damaged, and two people lose their lives. The flood is not declared a federal disaster, and no state disaster assistance is available. Your homeowner's insurance does not cover flood damage. The local government is financially strapped and incurring major debt that all property owners will eventually have to pay. People look for someone to blame, and . . . Well, you get the picture.

Floodplain management's primary function is to help prevent future losses of life and property. Floodplain regulations are simply a way of making sure that people develop their property by using a common-sense approach. The National Flood Insurance Program provides a way to do that by providing insurance that is virtually unavailable elsewhere.

## **CONVERSION PRODUCES NEW ELEVATION DATUM**

All FIRM (Flood Insurance Rate Map) users, including floodplain managers, insurance agents, lenders, builders, engineers, and surveyors, should be aware of a conversion from the National Geodetic Vertical Datum of 1929 (NGVD 29) to the North American Vertical Datum of 1988 (NAVD 88). Because a structure's elevation relative to the BFE (Base Flood Elevation) may differ depending on the datum used, users should become familiar with how the conversion will affect their work.

As of October 1, 1992, the Federal Insurance Administration began the gradual conversion to a new vertical datum that will be referenced on the FIRMs. The conversion was put into place because of a more accurate and widely accepted datum to which BFEs may be referenced. FIRMs using the new datum, however, will not be effective until spring

1994 at the earliest. Most FIRMs will continue to be referenced to NGVD 29. Under no circumstances will both datums be used on the same FIRM.

The National Geodetic Survey (NGS) conversion ultimately will affect nearly all NFIP products in the contiguous United States, including FIRMs and Flood Insurance Studies (FISs). Currently referenced to NGVD 29, each FIRM panel with detailed information includes at least one elevation reference mark also referenced to NGVD 29.

Insurance agents should be particularly careful to compare the datum referenced on the FIRM with that listed on the elevation certificate, since surveyors likely will reference NAVD 88. The new NAVD 88 datum should be used only when it is referenced on the FIRM. If mixed datum are used, problems with

rating flood insurance premiums can result. Using inconsistent datum also can cause the risk to be calculated incorrectly. In a worst-case scenario, buildings would be underinsured—leaving the door open for potential E & O exposure.

The NGS will maintain the current NGVD 29 system and the new NAVD 88 system for at least five years. After then, NAVD 88 will be the only system maintained.

The first flood study to be referenced in Montana to NAVD 88 will be the Bitterroot River flood study now underway in Ravalli County. Any new flood studies or revisions will use the new datum. For more information on the new datum, contact Karl Christians of the floodplain management program in Helena at 444-6654.

## WITT REINVENTS FEMA

On September 7, 1993, Federal Emergency Management Agency (FEMA) Director James Lee Witt sent a memorandum to all employees that outlined an extensive reorganization of the agency. He made the changes after considering suggestions made by employees and examining ways to achieve "consolidation of functions, centralized management and administrative systems, an all-hazards operational capability, and equitable distribution of resources." Witt estimated in his memo that the reorganization would take at least six months, but began personnel reassessments on October 1, 1993. He added that he saw no reason for a "reduction in force, which means that there will be a place for everyone in the new organizational structure."

The changes include creation of:

- a director of program coordination to integrate programs and ensure they are mutually supportive;

- an executive board for senior political managers who will consider major program issues and goals for the agency;
- an individual national security coordinator; and
- the Emergency and Public Information Office, which consolidates the agency's public information programs into one organization.

In addition, the major program areas now include:

- **Mitigation:** raises the priority of mitigation programs by consolidating their functions, including the mitigation activities of the National Flood Insurance Program, into a single organization.

- **Preparedness, Training, and Exercises:** consolidates programs within the agency to build emergency management capabilities of federal, state, and local governments.

- **Response and Recovery:** consolidates interagency and internal disaster response and recovery planning and operations for all hazards.

- **Federal Insurance Administration:** now focuses on insurance programs and efforts to increase the number of policy holders.

- **U.S. Fire Administration:** continues to focus on fire programs, including site administration of the National Emergency Training Center and administration of the National Fire Academy

For more information about the reorganization, contact FEMA, Office of Public Information, 500 C Street, S.W., Washington, DC 20472, (202) 646-4600.

Reprinted from *Natural Hazards Observer*, November 1993

## PREFERRED RISK FLOOD INSURANCE AVAILABLE

The preferred risk policy is now available within the framework of flood insurance products. The policy is reserved exclusively for residential buildings and their contents in B, C, and X zones. Because A Zones constitute the 100-year floodplain, the preferred risk policy is not available in those zones. The policy is offered only to owners of one- to four-family residential buildings—it is not available for condominiums.

A policy owner residing in an eligible zone will benefit from flood coverage at a reasonable cost. Premiums are fixed, with no use of the flood insurance rate table involved. Also, no expense constant (\$45) of federal policy fee is added with the preferred risk policy premium. Conditions for policy eligibility include an examination of previous flood insur-

ance loss payments and individual federal disaster relief payments.

The policy's coverage combinations and respective premium amounts are presented in the table below.

Owners may purchase only one of the five coverage combinations. Once a combination has been selected, coverage is fixed for the term of the policy. Holders of preferred risk policies are not entitled to premium reductions through community participation in the Community Rating System.

STRUCTURES WITH NO BASEMENT		STRUCTURES WITH BASEMENT	
Value of Building/Contents	Yearly Premium	Value of Building/Contents	Yearly Premium
\$20,000/\$5,000	\$ 80	\$20,000/\$5,000	\$105
\$30,000/\$8,000	\$105	\$30,000/\$8,000	\$130
\$50,000/\$12,000	\$130	\$50,000/\$12,000	\$160
\$75,000/\$18,000	\$150	\$75,000/\$18,000	\$175
\$100,000/\$25,000	\$160	\$100,000/\$25,000	\$185

# 1993 BIENNIAL REPORTS DUE

Biennial report forms will be sent this month to every community that participates in the National Flood Insurance Program (NFIP). The report forms will be mailed from FEMA (Federal Emergency Management Agency) headquarters in Washington, D.C., to local floodplain administrators' offices or chief executive officers.

These biennial reports provide FEMA with critical information about a community's population and development growth rates. FEMA uses the reports to allocate flood study funding, and communities showing significant increases in floodplain development activ-

ity are given priority for map revision studies. Copies of the reports also are sent to the state floodplain office, which uses the reports as valuable information sources.

Providing the most current data available on the number of residents and structures in a community and flood-hazard areas is important. People completing the reports should keep in mind that the pre-printed figures on the reports are identical to those submitted on the 1991 biennial reports; therefore, they may not be accurate. The information should be reviewed carefully and corrected as necessary.

Each NFIP community must submit its biennial report to continue eligibility in the flood insurance program. The reports must be completed and returned to FEMA headquarters within 30 days after the forms are received. For assistance, contact Karl Christians of the floodplain management program in Helena at 444-6654.

#### Floodplain Management Section

Karl Christians, Floodplain Management Section Supervisor • Phone (406) 444-6654 • FAX (406) 444-0533

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**Floodplain Management Section  
Montana Department of Natural  
Resources and Conservation  
1520 East Sixth Avenue  
P.O. Box 202301  
Helena, MT 59620-2301**